

# Senate Amendment 3291

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1 1 Amend House File 882, as amended, passed, and  
1 2 reprinted by the House, as follows:  
1 3 #1. Page 19, by inserting after line 12 the  
1 4 following:  
1 5 <Sec. \_\_\_\_\_. NEW SECTION. 422.11K SCHOOL TUITION  
1 6 ORGANIZATION TAX CREDIT.  
1 7 1. The taxes imposed under this division less the  
1 8 credits allowed under sections 422.12 and 422.12B  
1 9 shall be reduced by a school tuition organization tax  
1 10 credit equal to fifty percent of the amount of the  
1 11 voluntary cash contributions made by the taxpayer  
1 12 during the fiscal year ending in the tax year.  
1 13 2. To be eligible for this credit, all of the  
1 14 following shall apply:  
1 15 a. A deduction pursuant to section 170 of the  
1 16 Internal Revenue Code for any amount of the  
1 17 contribution is not taken for state tax purposes.  
1 18 b. The contribution does not designate that any  
1 19 part of the contribution be used for the direct  
1 20 benefit of any dependent of the taxpayer or for any  
1 21 other student designated by the taxpayer.  
1 22 c. Each school tuition organization shall apply  
1 23 for tax credits on behalf of the taxpayers making  
1 24 contributions to the organization. The application  
1 25 shall be filed with the department by August 15  
1 26 following the end of the fiscal year and shall contain  
1 27 a listing of each taxpayer, the taxpayer's  
1 28 contribution, and each of the ratios that the  
1 29 contributions used for allowable expenditures for  
1 30 public and private nonprofit preschools, public school  
1 31 districts, and nonpublic elementary and secondary  
1 32 schools are to the total allowable expenditures. The  
1 33 department shall compute the amount of credits  
1 34 attributable to the contributions benefiting each of  
1 35 the three types of qualified schools. The total  
1 36 amount of tax credits that may be approved for any  
1 37 fiscal year is fifteen million dollars with a limit of  
1 38 five million dollars in tax credits for each type of  
1 39 qualified school. However, if all the tax credits  
1 40 available for one type of qualified school are not  
1 41 used, the excess shall be evenly distributed to  
1 42 increase the limit for the other types. If tax  
1 43 credits exceed the limit, the amount available to each  
1 44 taxpayer shall be prorated.  
1 45 Notwithstanding any other provision, the maximum  
1 46 tax credit a taxpayer may receive shall not exceed an  
1 47 amount equal to fifty thousandths of one percent of  
1 48 the combined available credits for all types for  
1 49 married taxpayers filing jointly or equal to twenty=  
1 50 five thousandths of one percent of the combined  
2 1 available credits for all types for all other  
2 2 taxpayers.  
2 3 The department shall notify the school tuition  
2 4 organization of the amount of each taxpayer's tax  
2 5 credit by November 1 of the tax year. The school  
2 6 tuition organization shall notify the taxpayers of  
2 7 their amount of tax credit by December 1 of the tax  
2 8 year.  
2 9 3. Any credit in excess of the tax liability is  
2 10 not refundable but the excess for the tax year may be  
2 11 credited to the tax liability for the following five  
2 12 tax years or until depleted, whichever is the earlier.  
2 13 4. Married taxpayers who file separate returns or  
2 14 file separately on a combined return form must  
2 15 determine the tax credit based upon their combined net  
2 16 income and allocate the total credit amount to each  
2 17 spouse in the proportion that each spouse's respective  
2 18 net income bears to the total combined net income.  
2 19 Nonresidents or part-year residents of Iowa must  
2 20 determine their tax credit in the ratio of their Iowa  
2 21 source net income to their all source net income.  
2 22 Nonresidents or part-year residents who are married  
2 23 and elect to file separate returns or to file  
2 24 separately on a combined return form must allocate the

2 25 tax credit between the spouses in the ratio of each  
2 26 spouse's Iowa source net income to the combined Iowa  
2 27 source net income of the taxpayers.  
2 28 5. For purposes of this section:  
2 29 a. "Allowable expenditures" means either of the  
2 30 following:  
2 31 (1) In the case of public school districts,  
2 32 curricular expenses associated with attendance at an  
2 33 elementary or secondary school comparable to items  
2 34 covered by tuition at a nonpublic school, including,  
2 35 but not limited to, fees for summer school, tutoring,  
2 36 driver education, and postsecondary enrollment  
2 37 options.  
2 38 (2) In the case of public and private nonprofit  
2 39 preschools and nonpublic elementary and secondary  
2 40 schools, tuition grants and scholarships.  
2 41 b. "Qualified school" means a public or private  
2 42 nonprofit preschool, as defined in section 237A.1, in  
2 43 this state, a public school district in this state, or  
2 44 a nonpublic elementary or secondary school in this  
2 45 state which is accredited under section 256.11 and  
2 46 adheres to the provisions of the federal Civil Rights  
2 47 Act of 1964 and chapter 216.  
2 48 c. (1) "School tuition organization" means a  
2 49 charitable organization in this state that is exempt  
2 50 from federal income taxation under section 501(c)(3)  
3 1 of the Internal Revenue Code and that allocates at  
3 2 least ninety percent of its annual revenue for  
3 3 allowable expenditures to children to allow them to  
3 4 attend any qualified school of their parents' choice.  
3 5 (2) A school tuition organization shall only award  
3 6 allowable expenditures to children who reside in Iowa.  
3 7 In addition, to qualify as a school tuition  
3 8 organization, the charitable organization shall  
3 9 provide allowable expenditures to students without  
3 10 limiting availability to only students of one school  
3 11 and shall prioritize the provision of such allowable  
3 12 expenditures to students from families whose incomes  
3 13 are less than two hundred percent of the federal  
3 14 poverty level, as defined by the most recently revised  
3 15 income guidelines published by the United States  
3 16 department of health and human services.  
3 17 6. A school tuition organization that receives a  
3 18 voluntary cash contribution pursuant to this section  
3 19 shall report to the department, in a form prescribed  
3 20 by the department, by August 15 of each fiscal year  
3 21 all of the following information:  
3 22 a. The name, address, and contact name of the  
3 23 school tuition organization.  
3 24 b. The total number of contributions received  
3 25 during the previous fiscal year.  
3 26 c. The total dollar amount of contributions  
3 27 received during the previous fiscal year.  
3 28 d. The total number of children awarded allowable  
3 29 expenditures during the previous fiscal year.  
3 30 e. The total dollar amount of allowable  
3 31 expenditures awarded during the previous fiscal year.  
3 32 f. For each school or school district to which  
3 33 allowable expenditures were awarded all of the  
3 34 following shall be provided:  
3 35 (1) The name and address of the school.  
3 36 (2) The number of allowable expenditures awarded  
3 37 during the previous fiscal year.  
3 38 (3) The total dollar amount of allowable  
3 39 expenditures awarded during the previous fiscal year.>  
3 40 #2. Page 24, by inserting after line 27 the  
3 41 following:  
3 42 <Sec. \_\_\_\_\_. APPLICABILITY DATE. The section of  
3 43 this division of this Act enacting section 422.11K  
3 44 applies to tax years beginning on or after January 1,  
3 45 2006.>  
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3 47  
3 48  
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3 50 DAVE MULDER  
4 1 HF 882.735 81  
4 2 mg/gg/4637